

Minutes of the Audit Committee

28 May 2025

-: Present :-

Councillor Penny (Chairman)

Councillors Brook (Vice-Chair), Fellows, Long and Maddison

1. Apologies

It was reported that, following his resignation from the Conservative Group, Councillors Hutchings was no longer a member of the Committee.

2. Minutes

The Minutes of the meeting of the Audit Committee held on 26 March 2025 were confirmed as a correct record and signed by the Chairman.

3. Terms of Reference

Members noted the Audit Committee's Terms of Reference which had been approved at the Adjourned Annual Council meeting on 15 May 2025.

4. Draft Audit Plan for Torbay Council

Members noted a report that provided an overview of the planned scope and timing of the statutory audit of Torbay Council. Julie Masci, Key Audit Partner for Grant Thornton informed Members that the national context and previous recommendations such as the quality of the previous financial statements had been taken into consideration in forming the risk profile and development of Audit Plan.

Members noted that the audit of the Torbay Economic Development Company (TEDC) would be undertaken by Bishop Fleming despite the Council's decision to dissolve the company. Members were advised that some assets held by the company were still in the process of being transferred and therefore the company had not been 'wound up', with a Board of Directors still in place who were responsible for the preparation and sign off of the company's accounts.

Reference was made to the IT Audit Strategy and how the Council's External Auditors would work with the Council's Internal Auditors. Ms Masci explained that they complement the audit undertaken by Internal Audit rather than duplicate, however External Audit could not direct Internal Audit as it would give rise to a conflict of interest.

The Head of Corporate Finance informed Members that the current deadline to publish the Statement of Accounts was the end of June. However, due to ongoing resource issues this deadline was unlikely to be met with a publication date likely to be mid-August. Members were advised the delay would not impact on the planned audit commencement date which was 15 September 2025. An additional Technical Accountant had been employed and additional resource had been provided within the Capital Finance Team as this was also an area where skills and knowledge were lacking.

5. Treasury Management Outturn

This item was deferred to the next meeting of the Audit Committee.

6. Draft Annual Governance Statement 2024/2025

Members considered a report that set out the Draft Annual Governance Statement 2024/2025. The Director of Corporate Services informed Members that the preparation of the Annual Governance Statement provided the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its Statement of Accounts and the probity of its operations. The Annual Governance Statement fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

Members questioned whether the Audit Committee should have greater oversight of the audits and risk registers of the Torbay Economic Development Company (TEDC) given the company was being dissolved. Members were advised that at present the TEDC still existed and was required to maintain a Board of Directors who remained legally accountable.

Julie Masci informed Members that the Annual Governance Statement should provide assurance of group accounts and provide a statement of effectiveness. In order to do so, reference should be made to the views of other independent bodies, what recommendations had been made by External Audit, and what was the opinion of Internal Audit. The draft Annual Governance Statement required a little more detail rather than just setting out the bigger picture.

Members discussed the Draft Annual Governance Statement and reflected that new Councillors could find it difficult to express their needs and what they wanted to achieve whilst in Office. Members were unable to reach a consensus to be able to approve the draft for referral to External Audit and therefore suggested a number of changes as set out below.

Resolved:

That the Director of Corporate Services, in consultation with the Chairman of the Audit Committee and Group Leaders, review the draft Annual Governance Statement to more accurately reflect:

- 1) the group arrangements;
- 2) the recommendations and opinion of External and Internal Audit and the responses to those recommendations and opinion;
- 3) the completed action being removed; and
- 4) references to the Devon Assurance Partnership being standardised throughout.

In accordance with Council Standing Order A18.6 Councillor Maddison requested her vote of abstention to be recorded.

7. Risk Management Update

Members noted an update on the Council's current risk position and notable information with regards to the Council's overall risk management arrangements. The Director of Corporate Services informed Members that a significant number of risks had been adopted as a result of the incorporation of Torbay Economic Development Company functions. Following feedback from the Committee the note sections had been improved and a key had been added.

8. Counter Fraud and Error Update

Members considered a report on the counter fraud activity undertaken for the period of 1 April 2024 to 31 March 2025, including progress against the 2024/2025 Counter Fraud Plan. The report also included details of the Economic Crime and Corporate Transparency Act 2023 which introduced the new offence of failure to prevent fraud. The Counter Fraud and Error Manager informed Members that capturing a fraud risk register was crucial to provide the Council with financial protection, manage its reputation, ensure legal compliance and provide operational efficiencies. Each department was required to capture their fraud risks in spar.net, the Councils central risk database. Despite the requirement being included within training sessions and service plans, many managers were yet to submit their Fraud Risk Assessments.

Members were also made aware that raising awareness was an integral part of fraud prevention. To ensure colleagues maintained a high level of fraud awareness, Torbay Council had a mandatory i-learn course with a requirement to re-take periodically. This course was updated and relaunched in April 2024. The requirement to re-take this course was communicated through staff newsletters and in the second half of this reporting period, further communications to individuals were issued and subsequently their managers were informed if the course remained incomplete. This approach had resulted in an upturn in completion levels.

Members were concerned at the slow completion rate of the fraud risk assessments and amount of encouragement required to complete the i-Learn training course. They noted that the Devon Assurance Partnership would be auditing the Councils fraud risk position, which included the fraud risk assessment process and requested sight of the report and any subsequent management action plan.

Resolved:

That the Senior Leadership Team, consider the Devon Assurance Partnership Report on the implementation of the Fraud Risk Assessments, the subsequent action plan and present both to the Audit Committee in September.

9. Work Programme

Members noted the following updates to the work programme:

- the Audit Committee scheduled for 30 July be moved to 8 September 2025;
- the following items be listed for consideration at the following meetings:

8 September 2025:

- 1) Draft Annual Governance Statement 2024/25 (Updated)
- 2) 2024/25 Draft Statement of Accounts
- 3) 2024/25 Treasury Management Outturn
- 4) Internal Audit Report and Management Action Plan on Counter Fraud (Risk Assessments)

29 October 2025:

- 1) Audit Committee Progress Report and Sector Update (Grant Thornton)
- 2) Whistleblowing Complaints and HR Investigations (report to be expanded to include a copy of the Whistleblowing Policy and details of the process when a Whistleblowing complaint is received)
- 3) Council Subsidiaries – Governance & Finances Update

25 March 2026:

- 1) Annual Audit Report 2025/2026

Chairman/woman